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FOOD STORE OPENINGS AND DISCONTINUANCES

- Buffalo and St. Louis -

There has existed an almost complete lack of reliable data concerning current closings and new openings of retail food stores. Under existing conditions of wartime prosperity, it would be expected that retail grocery financial failures would fall to a low figure; and these have been so reported. Fragmentary evidence reaching offices of the Food Distribution Administration indicates that actual discontinuances, have recently arisen above a "normal" rate.

Consequently, the Wholesalers and Retailers Branch of the Food Distribution Administration welcomed an opportunity to cooperate with national wholesale grocers associations in making a study of the situations in Buffalo, New York, a recognized area of manpower shortage, and in St. Louis, Missouri, an important distribution center presumably less affected by pressures accompanying the war effort.

Method of Procedure

Buffalo and St. Louis grocery wholesalers' books furnished lists of customers that had withdrawn from business or had opened stores during the two half-year periods July 1 to December 31, 1942, and from January 1 to June 30, 1943. The various lists were cross-checked to eliminate duplication in reporting. Meat markets handling meats only were not included in the report, as the packers' branches failed to contribute lists of their meat dealer closings. The meat dealers included in this report carried a small supplementary line of grocery items, so that their accounts appeared on wholesale grocers' books. Cash-and-carry wholesalers did not contribute to the study.

Table A - Reasons for Closing

Manpower shortage was much more important as a primary reason for store closings in Buffalo (42.4% of the total) than in St. Louis (14.2% of total), as might be expected, as Buffalo is rated by the War Manpower Commission as a Class I city whereas St. Louis is rated in Class III. Shortage of merchandise to sell accounted for 21.2% of St. Louis closings, but only for 13.4% of those in Buffalo. Rationing difficulties drove out 15.0% of the food retailers who closed in St. Louis, but fatally discouraged only 10.1% in Buffalo. Attraction of war-plant jobs in Buffalo impelled 7.8% of retailers who closed there; but that cause was negligible among St. Louis grocers. Financial difficulties were not important in Buffalo (one closing), with but eleven closings for that reason (2.9%) in St. Louis.

Table B - Closings by Type of Store Ownership

Of the Buffalo food store closings, 82.7% concerned unaffiliated independents; in St. Louis the independents totalled 61.5%. Including independents who were members of cooperative chains or of wholesaler-sponsored voluntary chains, total independent closings in Buffalo were 89.3% and in St. Louis 72.3%. Contrally-owned and controlled chain stores comprised 9.5% of Buffalo closings but only 4.1% in St. Louis. In both cities, chain-store closings were due almost entirely to manpower shortage.

Table D - Closings by Type of Store

In both cities, the bulk of closings were in the type predominant in the individual area - 55.5% among groceries without meats, which is the type important in Buffalo, and 67.9% among the combination stores selling both groceries and meats, which is the important type in St. Louis.

Table D - Closings by Size (Annual Sales Volume) of Store

Even though size or sales volume was not reported for 5.6% of cases in Buffalo and for 24.9% of instances in St. Louis, it is evident that a definite majority of new stores opened, for which sales volumes were given, were of the small type with sales volumes under \$20,000. These totalled 65.4% in Buffalo and 53.9% in St. Louis.

Comparative Openings and Closings

The estimated 17.9% of retail food stores closed in Buffalo and 13.9% in St. Louis exceed a widely accepted "normal" rate of 10% closings a year. The St. Louis figure of 13.9% is conservatively lower than a Missouri state-wide figure of 15.3% closings of retail food establishments as furnished by the State Auditor.

Against a "normal" closing rate of at least self-replacement in numbers, the ratio of 5.58 closings to one opening in Buffalo and 4.77 closings to one opening in St. Louis may or may not be important, depending upon the controversial question as to whether "little needed" or "marginal" stores are closed out. The economic factor of "importance" this study had no standards or means of checking. The question of trend is highly important; but trend could be determined only by comparison of a sequence of such studies. However, almost all the wholesale grocers in both cities who contributed data to this study stated, as a matter of opinion based on their continuing observations, that the rate of closings had been considerably accelerated in the year studied as over prior periods and that the number of new openings had drastically declined. Numerous wholesalers among those reporting indicated the percentage of the retail accounts on their books at the beginning of the year studied who disappeared from business during that year. These figures ranged from 3% to 10% for Buffalo and from 1% to 11% for St. Louis, with a typical figure of about 5.5% for Buffalo and about 4.5% for St. Louis, before eliminating duplications between companies.

The number of stores as at July 1, 1942 were estimated from route lists of food stores supplied by the Buffalo Evening News and the St. Louis Post-Dispatch. It should be noted that St. Louis tends more definitely toward the combination type of store selling both groceries and meats, whereas Buffalo supports comparatively more of the types of store selling groceries only or meats only. This difference of prevailing type will explain in part the differences in type of new store opened in the two cities. In both cities new stores were opened largely by independents - more largely affiliated in St. Louis with cooperative or voluntary chains. The small type of store - under \$20,000 annual sales volume - predominated in the openings in both cities.

Wholesalers and Retailers Branch
Food Distribution Administration

COMPARATIVE OPENINGS AND CLOSINGS OF RETAIL FOOD STORES

Buffalo, New York and St. Louis, Missouri July 1942-June 1943

	<u>Buffalo</u>	<u>St. Louis</u>
Retail Food Stores Opened	60	81
Retail Food Stores Closed	335	386
Ratio of Closings to Openings	5.58	4.77
Estimated Percent of Stores Closed	17.00%	13.90%

Number of Retail Stores Opened:

(a) By Type of Store

Combination Groceries and Meats	19	56
Meat Markets	--	--
Groceries Without Meats	35	4
Delicatessen	4	6
Fruit and Vegetable Stores	2	--
Bakery and Confectionery	--	1
Type not Reported	--	14
Total	60	81

(b) By Type of Ownership

Independent	52	39
Retailer Members of Cooperative Chain	--	12
Member of Wholesaler-Sponsored		
Voluntary Chain	7	14
Chain Store Outlot	1	3
Type not Reported	--	13
Total	60	81

(c) By Estimated Annual Sales

Volume

Under \$20,000	50	51
\$20,000 to \$50,000	7	12
\$50,000 to \$250,000	3	5
Over \$250,000	--	--
Sales Volume not Reported	--	13
Total	60	81

Results of Studies in Buffalo, New York, and St. Louis, Missouri,
on Retail Food Store Closings - July 1942 through June 1943

TABLE A - BUFFALO

CAUSES OF CLOSING	Numbers of Stores by Reasons for Closing			
	TOTAL CLOSED	1942 July- Dec.	1943 Jan.- June	% TO TOTAL CLOSINGS
Total - All Causes	335	154	181	100.0
Manpower Shortage	142	70	72	42.4
Shortage of Merchandise	45	21	24	13.4
Rationing Difficulties	34	10	24	10.1
Store Owner Drafted	22	10	12	6.5
Financial Reasons	1	1	--	0.3
Took War Plant Job	26	13	13	7.8
Owner Retired or Died	7	5	2	2.1
Miscellaneous Causes	24	7	17	7.2
Two Reasons (Merchandise, Rationing, War Jobs, Manpower)	5	--	5	1.5
Causes Unknown	29	17	12	8.7

TABLE A - St. Louis

CAUSES OF CLOSING	Numbers of Stores by Reasons for Closing				
	TOTAL CLOSED	% OF TOTAL	1942	1943	NO DATE GIVEN
Total - All Causes	386	100.0	156	187	43
% of Total Closings	100.0	--	40.4	48.5	11.1
Shortage of Merchandise	82	21.2	39	39	4
Rationing Difficulties	58	15.0	9	36	13
Manpower Shortage	55	14.2	30	18	7
Store Owner Drafted	50	13.0	13	24	13
Owner Retired or Died	19	4.9	8	11	--
Financial Reasons	11	2.9	9	2	--
Miscellaneous Causes	13	3.4	5	7	1
Shortage of Both Man- power and Merchandise	23	6.0	4	19	--
Manpower Shortage and Other Reasons	7	1.8	2	2	3
More Than One Reason (Other Than Manpower)	4	1.0	1	3	--
Causes Unknown	64	16.6	36	26	2

Results of Studies in Buffalo, New York, and St. Louis, Missouri,
on Retail Food Store Closings - July 1942 through June 1943

TABLE B - BUFFALO

Reasons for Closing, by Types of Ownership						
CAUSES OF CLOSING	TOTAL ALL TYPES	INDE- PEND- ENT	MEMBER COOPER- ATIVE CHAIN	WHOLESALE SPONSORED VOLUNTARY CHAIN	STORE OUT- LET	TYPE NOT REPORTED
TOTAL - ALL CAUSES	335	277	3	19	32	4
% of Type to Total	100.0	82.7	0.9	5.7	9.5	1.2
Manpower Shortage	142	103	-	8	30	1
Shortage of Merchandise	45	43	1	-	-	1
Rationing Difficulties	34	32	-	2	-	-
Store Owner Drafted	22	22	-	-	-	-
Financial Reasons	1	1	-	-	-	-
Took War Plant Job	26	19	2	5	-	-
Owner Retired or Died	7	6	-	1	-	-
Miscellaneous Causes	24	19	-	3	2	-
Two Reasons (Merchandise, Rationing, War Jobs, Manpower)	5	5	-	-	-	-
Causes Unknown	29	27	-	-	-	2

TABLE B - ST. LOUIS

Reasons for Closing, by Types of Ownership						
CAUSES OF CLOSING	TOTAL ALL TYPES	INDE- PEND- ENT	MEMBER COOPER- ATIVE CHAIN	WHOLESALE SPONSORED VOLUNTARY CHAIN	STORE OUT- LET	TYPE NOT REPORTED
Total - All Causes	386	237	26	16	16	91
% of Type to Total	100.0	61.5	6.7	4.1	4.1	23.6
Shortage of Merchandise	82	77	-	1	-	4
Rationing Difficulties	58	41	1	-	-	16
Manpower Shortage	55	28	-	2	16	9
Store Owner Drafted	50	25	6	4	-	15
Owner Retired or Died	19	5	14	-	-	-
Financial Reasons	11	10	1	-	-	-
Miscellaneous Causes	13	10	1	-	-	2
Shortage of Both Man- power and Merchandise	23	13	3	7	-	-
Manpower Shortage and Other Reasons	7	3	-	1	-	3
More Than One Reason (Other Than Manpower)	4	3	-	1	-	-
Causes Unknown	64	22	-	-	-	42

Results of Studies in Buffalo, New York, and St. Louis, Missouri, on
Retail Food Store Closings - July 1942 through June 1943

TABLE C - BUFFALO

Reasons for Closing, by Types of Stores

CAUSES OF CLOSING	REASONS FOR CLOSING, BY TYPES OF STORES								TYPE OF STORE NOT REPORTED	
	TOTAL	COMB.	GROC.	FRUITS	BAKERY					
	ALL TYPES	GROC. AND MEATS	MEAT MARKETS	WITHOUT MEATS	DELICATESSENS	AND VEGETABLES	RESTAURANTS	AND CONFECTIONERY		
Total - All Causes	335	85	11	185	18	30	2	-	4	
% of Type to Total	100.0	25.5	3.3	55.5	5.4	9.0	0.1	-	1.2	
Manpower Shortages	142	36	11	70	3	20	1	-	1	
Shortage of Merchandise	45	12	-	24	8	-	-	-	1	
Rationing Difficulties	34	7	-	26	1	-	-	-	-	
Store Owner Drafted	22	2	-	12	2	6	-	-	-	
Financial Reasons	1	-	-	1	-	-	-	-	-	
Took War Plant Job	26	8	-	14	1	3	-	-	-	
Owner Retired or Died	7	-	-	7	-	-	-	-	-	
Miscellaneous Causes	24	10	-	11	2	-	1	-	-	
Two Reasons (Merchandise, Rationing, War Jobs, Manpower)	5	-	-	5	-	-	-	-	-	
Causes Unknown	29	10	-	15	1	1	-	-	2	

TABLE C - ST. LOUIS

Reasons for Closing, by Types of Stores

CAUSES OF CLOSING	REASONS FOR CLOSING, BY TYPES OF STORES								
	TOTAL	COMB.	GROC.	FRUITS	BAKERY	TYPE OF			
	ALL	GROC.	MEAT	WITH-	DELI-	AND	RES-	AND	STORE
	TYPES	AND	MAR-	OUT	CATES-	VEGE-	TAU-	CONFEC-	NOT RE-
		MEATS	KETS	MEATS	SENS	TABLES	RAINTS	TION-ERY	PORTED
Total-All Causes	386	262	11	22	33	1	4	6	47
% of Type to Total	100.0	67.9	2.8	5.7	8.5	0.3	1.0	1.6	12.2
Shortage of Merchandise	82	63	1	5	9	-	-	-	4
Rationing Difficulties	58	24	-	10	8	-	1	3	12
Manpower Shortage	55	46	-	1	1	-	-	1	6
Store Owner Drafted	50	34	2	1	1	-	-	-	12
Owner Retired or Died	19	17	-	1	-	-	-	1	-
Financial Reasons	11	10	-	-	1	-	-	-	-
Miscellaneous Causes	13	10	1	-	-	-	-	-	2
Shortage of Both Man- power and Merchandise	23	16	7	-	-	-	-	-	-
Manpower Shortage and Other Reasons	7	2	-	-	1	-	-	-	4
More Than One Reason (Other Than Manpower)	4	4	-	-	-	-	-	-	-
Causes Unknown	64	36	-	4	12	1	3	1	7

Results of Studies in Buffalo, New York, and St. Louis, Missouri, on
Retail Food Store Closings - July 1942 through June 1943

TABLE D - BUFFALO

Reasons for Closing, by Size of Store (Yearly Sales Volume)

CAUSES OF CLOSING	TOTAL	UNDER \$20,000		\$20,000 to \$50,000		OVER \$50,000	SIZE NOT REPORTED
	ALL TYPES	UNDER \$20,000	\$20,000 to \$50,000	\$50,000 to \$250,000	\$250,000 to \$500,000	OVER \$500,000	
Total - All Causes	335	219	87	10	-	19	
% of Type to Total	100.0	65.4	26.0	3.0	-	5.6	
Manpower Shortage	142	90	41	8	-	3	
Shortage of Merchandise	45	31	8	-	-	6	
Rationing Difficulties	34	31	2	-	-	1	
Store Owner Drafted	22	13	6	-	-	3	
Financial Reasons	1	-	1	-	-	-	
Took War Plant Job	26	14	12	-	-	-	
Owner Retired or Died	7	4	3	-	-	-	
Miscellaneous Causes	24	10	12	2	-	-	
Two Reasons (Merchandise, Rationing, War Jobs, Manpower)	5	5	-	-	-	-	
Causes Unknown	29	21	2	-	-	6	

TABLE D - ST. LOUIS

Reasons for Closing, by Size of Store (Yearly Sales Volume)

CAUSES OF CLOSING	TOTAL	UNDER \$20,000		\$20,000 to \$50,000		OVER \$50,000	SIZE NOT REPORTED
	ALL TYPES	UNDER \$20,000	\$20,000 to \$50,000	\$50,000 to \$250,000	\$250,000 to \$500,000	OVER \$500,000	
Total - All Causes	386	208	60	22	-	96	
% of Type to Total	100.0	53.9	15.5	5.7	-	24.9	
Shortage of Merchandise	82	78	-	-	-	4	
Rationing Difficulties	58	33	7	1	-	17	
Manpower Shortage	55	24	12	10	-	9	
Store Owner Drafted	50	19	9	5	-	17	
Owner Retired or Died	19	6	12	1	-	-	
Financial Reasons	11	9	1	-	-	1	
Miscellaneous Causes	13	9	2	-	-	2	
Shortage of Both Manpower and Merchandise	23	6	13	4	-	-	
Manpower Shortage and Other Reasons	7	2	2	-	-	3	
More Than One Reason (Other Than Manpower)	4	1	1	-	-	2	
Causes Unknown	64	21	1	1	-	41	